

Message Text

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ACTION EUR-12

INFO OCT-01 EA-06 IO-10 ISO-00 EURE-00 AID-05 CEA-01

CIAE-00 COME-00 EB-07 FRB-03 INR-07 NEA-09 NSAE-00

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01

XMB-02 STR-01 L-02 OES-03 FEAE-00 INT-05 SS-15 NSC-05

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FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 5937

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

USMISSION EC BRUSSELS

USMISSION GENEVA

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PASS TREAS FOR WIDMAN AND EB/IFD/OMA FOR RYAN

E.O.LL652: N/A

TAGS: EINV, OECD

SUBJECT: XCSS: DISCUSSION OF NON-OECD INVESTMENT

1. INVESTMENT ITEM WAS INTRODUCED BY ABRAMOWSKI, WHO REPORTED ON CONCLUSIONS OF IME ON OPEC INVESTMENT (OECD PARIS 5832). THIS WAS FOLLOWED BY COMMENTS OF DELS, INDICATING THEIR VIEWS ON NON-OECD INVESTMENT. GENERAL CONSENSUS OF DELS REGARDING NON-OECD INVESTMENT INDICATED THAT, ALTHOUGH THERE MAY BE CURRENT NEW DIMENSIONS TO THE ISSUE, AND IT DOES DESERVE CLOSE CONSIDERATION, THE PROBLEM IS NOT ONE FOR COORDINATED POLICY FORMULATION AND/OR HARMONIZATION OF NATIONAL POLICIES. THE EMPHASIS SHOULD BE ON A CONTINUING AND INTENSIFIED EXCHANGE OF VIEWS AS TO ASSESSMENTS OF THE PROBLEM, AND AS TO EXPERIENCE IN DEALING WITH THE PROBLEM SO FAR; I.E. PENDING AND/OR PROPOSED LEGISLATION REGARDING REGULATION AND SCREENING.2.FRG AND SWISS DELS REAFFIRMED THAT THEY WERE COMMITTED TO A POLICY OF LIBERAL CAPITAL MOVEMENTS, AND TO A GENERALLY NON-DISCRIMINATORY POLICY VIS-A-VIS INWARD INVESTMENT. HOWEVER, THEY INDICATED THAT THEY DID NOT EXCLUDE THE POSSIBILITY THAT SHOULD DIFFICULTIES ARISE WITH OPEC INVESTMENT, SOME MEASURES MIGHT BE NECESSARY TO REGULATE THE INVESTMENT, ON A CASE-BY-CASE BASIS, IN AS NON-DISCRIMINATORY A MANNER AS POSSIBLE AND IN FULL OBSERVANCE OF OBLIGATIONS OF CAPITAL MOVEMENTS CODE AMONG OECD COUNTRIES. U.S. DEL STATED THAT OPEC INVESTMENT DIFFERENT MAINLY IN MAGNITUDE AND IN SPEED OF DEVELOPMENT; THAT THE U.S. WAS PUTTING ITSELF IN A POSITION TO HAVE MORE COMPLETE INFORMATION (ON BOTH FOREIGN AND DOMESTIC INVESTMENTS) TO ASCERTAIN THAT THESE INVESTMENTS ARE MOTIVATED BY ECONOMIC AND/OR COMMERCIAL INTENTIONS AND IN CONCERT WITH NATIONAL LEGISLATION AND THE NATIONAL INTEREST. FRG DEL STATED THAT OPEC INVESTMENT WAS INHERENTLY DIFFERENT FROM OTHER

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KINDS OF INVESTMENT IN THAT IT IS POLITICALLY MOTIVATED, TO GAIN INFLUENCE IN THE CONTROL OF FIRMS WITHOUT INTRODUCING NEW TECHNOLOGY AND MANAGEMENT SKILLS. SUCH INVESTMENT IS POTENTIALLY VERY DISRUPTIVE.3. XCSS DECIDED TO ENCOURAGE COMMITTEE ON INTERNATIONAL INVESTMENT AND MNE'S (IME) TO CARRY ON WITH ITS WORK ON OPEC INVESTMENT, EMPHASIZING THE VALUE OF AN EXCHANGE OF VIEWS ON THE PROBLEM, YET ALSO INDICATING THAT WORK IN THE OTHER

AREAS OF IME'S MANDATE WILL NOT BE SLOWED DOWN. THIS EXCHANGE OF INFORMATION ON POLICIES SHOULD OCCUR SO THAT BILATERALIZATION OF TRADE AND INVESTMENT RELATIONS CAN BE AVOIDED AS WELL AS EXCESSIVE GEOGRAPHIC AND SECTORAL CONCENTRATIONS. IME SHOULD FOLLOW THE EVOLUTION OF THIS PROBLEM CAREFULLY, ALONG WITH A FORTHRIGHT EXCHANGE OF VIEWS. JOLLES STATED THAT THE INVESTMENT ITEM WILL NOT APPEAR ON THE AGENDA OF THE NEXT XCSS; HOWEVER, HE ENCOURAGED COUNTRIES TO BRING UP ANY COMMENTS THEY MIGHT HAVE ON THIS ITEM UNDER "OTHER BUSINESS," SHOULD THEY SO DESIRE.

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